

DDI- 2265-83

22 March 1983

MEMORANDUM FOR: Associate Deputy Director for Intelligence

VIA: Director of Soviet Analysis

FROM:

[Redacted]
Analyst, SOVA/DI

STAT

SUBJECT: Request Permission to Give an Oral Presentation

REFERENCE:

[Redacted]

STAT

1. I request permission to give an oral presentation at the Rand Corporation Office, 2100 M. Street, N.W. Washington, D.C. on 31 March 1983. The presentation which is enclosed presents a conceptual understanding to Soviet planning practices and their relationship to the military. It then suggests some fruitful avenues for similar research on East European regimes.

2. None of the material in this paper is classified. All of the sources are listed on the last page.

3. According to the roster of attendees, no foreigners are to be present. Hopefully this presentation will have some impact on the research programs of those in attendance concerning East European defense resource decisionmaking and planning.

4. I am not under cover. I will be identified at the workshop as an analyst for the CIA and will append the standard disclaimer indicating that the views expressed are my own and not necessarily those of the Agency.

[Redacted]

STAT

Attachment:

Paper on the Perennials of Soviet Defense Resource Planning

1402-89

S-024 83

SUBJECT: Request Permission to Give an Oral Presentation

I have reviewed the attached request and with the understanding that the presentation will be unclassified, approve it.

[Redacted Signature]

Director of Soviet Analysis

22 June 83
Date

STAT

[Redacted Signature]

Associate Deputy Director for Intelligence

23 MAY 1983
Date

STAT

The Perennials of Soviet Defense Resource Planning

In the thirty five years since Soviet colonization began, East European regimes have emulated many of the organizational details of Soviet-style planning and decisionmaking. At one extreme, "Polish" defense ministers and bureaucrats were initially Soviet soldiers, who reorganized the administration along strictly Soviet lines. However, even without a Soviet occupation, the basic move to central planning would have forced East European regimes to endure the same fundamental features of decisionmaking as the Soviets. The Soviet case illuminates these qualities well. The differences found in East European regimes may be a product of unique historical and geographic circumstances rather than different managerial "technologies."

Decisions

Questions about defense resource decisionmaking cannot be divorced from the universal qualities of any calculus of choice. Nor can they be divorced from the totality of the economy in which they are made. Therefore, the most salient features of decisionmaking for defense industrial activities can often be inferred from the general system of Soviet planning about which volumes of descriptive material are available.

While a final leadership choice will be the product of personal preferences, the behavior and institutional environment greatly circumscribes the domain of true discretion. The behavioral and institutional constraints may determine the choice of decision variables, the timing of policies and effects, and the number of variables which are determined by systemic pressures rather than direct leadership decisions. It is here that the universal qualities are found and the most fruitful research may be concentrated.

The Impossible Requirements

How intractable are the problems and limitations of central planning is suggested by the extent to which post-war observations and analysis have validated pre-war prognostications. A variety of problems inherent in central planning were identified by a number of economists such as Pareto, von Mises, and Barone since the turn of the century. The most rigorous forecast of what we were subsequently to find was probably written by von Hayek in 1935. It can be employed, even today, as a useful outline of the qualities of Soviet central decisionmaking.

To von Hayek, the acquisition of knowledge was the central process of any economic system. The free market price system economizes on knowledge. In this way, the "combination of fragments of knowledge existing in different minds bring about results which, if they were brought about deliberately, would require a knowledge on the part of the directing mind which no single person can possess." All economic activity, he pointed out, is planning. "In any society in which many people collaborate, this planning... will have to be based on knowledge initially given, not to the planner, but to someone else, which